

Approved \_\_\_\_\_ Date 4-29-84

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by SENATOR PAUL "BUD" BURKE at \_\_\_\_\_  
Chairperson

11:00 a.m./p.m. on February 21, 1984 in room 526-S of the Capitol.

All members were present ~~except~~

Committee staff present: Tom Severn, Research Dept.  
Wayne Morris, Research Dept.  
Don Hayward, Revisor's Office

Conferees appearing before the committee:

Merle Hill, Kansas Association of Community Colleges  
Dr. Robert Hartsook, Vice President for Development, Washburn University  
Stan Koplik, Kansas Board of Regents  
Chris Edmonds, Student Advisory Committee, Kansas Board of Regents

The committee held a hearing on SB 705 which would allow monies from the 1 mill state educational building fund property tax levy to be retained by the home county with a community college or municipal university.

The chairman called on Senator Chaney, sponsor of this legislation, who told the committee there were 19 community colleges and one municipal university to take the 1 mill statewide levy for the capital outlay budget for Board of Regents institutions. This money would be distributed to these colleges for a period of ten years for their capital outlay and then revert back to the Board of Regents institutions. He suggested that committee members really take a look at the amount of money that is being spent on the regents' institutions compared to the community colleges, to look at the number of students served and the load taken off the Board of Regents' institutions.

Merle Hill, KACC, presented a chart indicating what the mill levy is for the community colleges at the present time. (Attachment #1) He said when the budget lid was taken off there was a considerable rise in mill levy for the community colleges and then when farm machinery and equipment were taken off the tax rolls, there was also an effect. The first year was catching up, then taking off farm machinery, and then growth of enrollment of the student body.

Dr. Robert Hartsook, Washburn University, spoke in support of SB 705. (Attachment #2) He said at a time when community colleges and Washburn University are growing and the state regents' institutions enrollments are declining it would seem appropriate to recognize the needs of these colleges. Instead of the funds from the 1 mill levy in Shawnee County being restricted to use for regents' institutions, the funds would stay in the county for use by Washburn University which would benefit those who live in Shawnee County. He said that a total of about \$3.7 million would be diverted from the State Building Construction Fund to the community colleges and Washburn University, leaving the state regents' institutions with around 7 to 8 million dollars to cover their building and equipment needs.

The chairman recognized Stan Koplik, representing the Kansas Board of Regents, who expressed his opposition to this bill. He said the Kansas Constitution seems clear that the legislature can levy a property tax by statute, designated the educational building fund, the use and benefit of such to go to the state institutions of higher education. He believes there is a great difference between those and partially state assisted public institutions which is what he considers Washburn and the community colleges.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,  
room 526-S, Statehouse, at 11:00 a.m./~~p.m.~~ on February 21, 1984

In terms of running a business such as the Regents', one is talking about a system that has approximately 80,000 students and 571 buildings, 20.8 million square feet and cost of over \$2 billion dollars. The amount allotted is insufficient to meet the present needs of the regents' system alone. Funds are already inadequate to meet their present needs. He said capital outlay expense by regents since 1972 would be about \$124 million, but now there are no more federal sharing funds available.

Chris Edmonds, representing the Student Advisory Committee, said the enactment of this legislation would mean cuts in essential programs at all seven regents schools. He said community colleges can levy taxes and issue bonds where regents schools can only use money from the educational building fund or the general fund as allocated by the legislature. (Attachment #3)

The chairman adjourned the meeting at 11:50 a.m. The committee will meet February 22, 11:00 a.m.





# KANSAS ASSOCIATION OF COMMUNITY COLLEGES

Columbian Title Bldg., 820 Quincy • Topeka 66612 • Phone 913-357-5156

W. Merle Hill  
Executive Director

To: Senate Committee on Assessment and Taxation  
From: Merle Hill, Executive Director  
Kansas Association of Community Colleges  
Date: February 21, 1984  
Re: Mill Levy Comparison, 1980-81 and 1983-84

<u>Community College</u>	<u>1980-81</u>	<u>1983-84</u>	<u>Differences</u>
Allen County	7.72	12.54	4.82
Barton County	9.91	12.88	2.97
Butler County	8.61	11.47	2.86
Cloud County	10.53	17.08	6.65
Coffeyville	15.45	18.94	3.49
Colby	12.86	21.95	9.09
Cowley County	8.51	12.97	4.46
Dodge City	14.96	25.09	10.13
Fort Scott	14.23	20.40	6.17
Garden City	12.85	10.73	(2.12)
Highland	16.41	31.53	15.12
Hutchinson	7.59	16.42	8.83
Independence	15.96	25.68	9.72
Johnson County	8.13	11.85	3.72
Kansas City Ks.	6.64	10.76	4.32
Labette	10.20	19.58	9.38
Neosho County	14.70	16.51	1.81
Pratt	11.00	15.81	4.81
Seward County	13.89	16.33	2.44
High	16.41	31.53	
Low	6.64	10.73	

*Attch. 1  
2/21/84*

*Dr. Robert Hart*

LEGISLATION INTRODUCED FOR  
WASHBURN UNIVERSITY TO RECEIVE  
CAPITAL FUNDING

Attachment #2

BACKGROUND

For years, the State of Kansas has had a state levy of one mill assessed to all counties in the state. These funds are deposited in the State Building Construction Fund and are used only by the seven state regents' institutions. This means that 20 public institutions, (Washburn University and the community colleges), are excluded from using these public funds. The State Building Construction Fund is used by the seven state regents' institutions for capital construction, improvements, and equipment. It does not include maintenance as reported in the Capital-Journal article on February 9.

SENATE BILL 705

Senate Bill 705 helps to recognize the outstanding job that the nineteen community colleges and Washburn University are doing in the State of Kansas in educating Kansans. It also recognizes the need of the community colleges and Washburn to have funds available for buildings, improvements, and equipment on an equitable and shared basis with the state regents' institutions. At a time when the community colleges and Washburn University are growing, and the state regents' institutions enrollments are declining, it seems very appropriate for this legislation to recognize the needs of the community colleges and Washburn University.

*Attch. 2  
2/21/84*

As an example, instead of the funds from the state levy of one mill in Shawnee County being restricted for use for the state regents' institutions, the funds would stay in Shawnee County for use by Washburn University, which of course benefits those who live in Shawnee County. It is estimated that the state's one mill levy, which is already in existence, would divert approximately \$420,000 from the State Building Construction Fund to Washburn University for use in Shawnee County.

Senate Bill 705, which was introduced by Senator Chaney from Hutchinson, is not only innovative but begins to establish more equitable funding treatment for Washburn University and the community colleges when compared with the state regents' institutions. There are eighteen counties with public community colleges which would be impacted by this legislation along with Washburn University in Shawnee County. It is estimated that \$3.7 million would be diverted from the State Building Construction Fund to the nineteen community colleges and Washburn University. The state's one mill levy assessment to all 105 counties in Kansas has generated in the past between \$10 million and \$12 million annually for the state regents' institutions. Therefore, the impact of a reduction of approximately \$3.7 million from the State Building Construction Fund, would still leave the state regents' institutions with around \$7 million to \$8 million annually to cover their building and equipment needs. This distribution calculation clarifies the article in the Capital-Journal of February 9, which stated, "A bill that would allow

Washburn University and the state's community colleges to appropriate the majority of the state's only property tax levy . . ."

Ironically, the distribution of head count enrollments in the public colleges and universities in Kansas is two-thirds of the enrollments in the state regents' institutions, and one-third of the enrollments in the community colleges and Washburn University. The proposed distribution of the proceeds from the state's one mill levy approximates the same ratio of distribution between the state regents' schools and the community colleges and Washburn as the enrollment distribution.

The bill proposes that this new distribution of funds from the state's one mill levy go into effect in 1984 for a ten-year period.

Dr. John L. Green, Jr.  
President  
Washburn University



# Student Advisory Committee Kansas Board of Regents

STATEMENT OF

CHRISTOPHER S. EDMONDS

STUDENT ADVISORY COMMITTEE

KANSAS BOARD OF REGENTS

ON

SB 705

BEFORE THE SENATE ASSESSMENTS AND TAXATION COMMITTEE

FEBRUARY 21, 1984

Member  
Institutions

Emporia State University  
Fort Hays State University  
Kansas State University  
Kansas University  
Kansas Technical Institute  
Pittsburg State University  
Wichita State University

*Attch. 3  
2/21/84*



Chairman Burke, members of the Senate Assessments and Taxations Committee, my name is Christopher S. Edmonds. I am the legislative coordinator for the Student Advisory Committee to the Kansas Board of Regents. I would like to take this opportunity to thank you for allowing me to appear before you today. The Student Advisory Committee (SAC), representing the nearly 76,000 students at all seven regents institutions, is adamantly opposed to Senate Bill 705, an act concerning distribution of a state tax levy for higher education; concerning community colleges and municipal universities.

The importance of all aspects of higher education in the state of Kansas is something that cannot be overstated. One of the items Kansans can be most proud of is the excellence which prevades all insitutions of higher learning in this state. One must only look at the achievements of our major universities, regional insitutions, community colleges, and vocational-technical schools to understand the impact our own higher education system has had on the state -- both economically and culturally.

However, such prowess has been challenged over the past year. With the fiscal crisis the state faces in Fiscal Year 1984 many budgets, especially in the area of higher education were cut. Such cuts had a profound impact upon all aspects of higher learning in the state. From class reductions to program improvements and building rennovations, all institutions were forced to make choices and set priorities like never before. Fortunately, the Kansas legislature working with Governor Carlin was able to bring the state through such a crisis with fiscal constraint and equality. Funds were scrutinized very carefully and allocated to meet only basic needs.

My point is this -- presently the allocation of state funds has been conducted in such a way that each institution and agency receives what it needs to operate. No more, and usually no less. The Governor has stressed the importance of maintaing his present recommendations due to the "Silent Crises" the state faces in this fiscal year. To reallocate any moneys

would upset the budget process and create a sense of "favoritism" to one organization at the detriment of others. Simply, there seems to be philosophical inconsistencies in such a proposal.

The Student Advisory Committee also opposes such a proposal for many pragmatic reasons. Initially, the fiscal impact of such a proposal on the Regents' institutions is such that schools affected would lose many major and necessary capital improvements projects. It is recommended by the Governor that the money from The Educational Building Fund that would be used for Regents' capital improvements be set at 12.9 million dollars for FY 1985. If this legislation became law, that fund would be decreased by AT LEAST 3.8 million dollars. Such a loss of revenue would seriously endanger the governor's capital improvements plan. It would mean cuts in programs at all institutions -- improvements badly needed to maintain current programs. Such a problem is compounded and intensified by the fact the Governor has created a five-year capital improvements plan for the Regents' schools totalling 67.3 million dollars. If this act becomes law, such a program would be cut by AT LEAST 19 million dollars, meaning cuts in essential programs at all seven schools.

The Educational Building Fund was created in 1941 to finance state supported schools. This was before the advent of state support for community colleges. Hence, when community colleges were created they were given alternate forms of raising revenue. To this day, community colleges can levy taxes and issue bonds. Regents schools can only use money from the EBF or the general fund as allocated by the Kansas legislature. It hardly seems just to remove money from an agency who receives only that money and give it to an agency who has alternate ways of collecting such revenue.

A final concern is that of student fee increase. In FY 1971, the state faced a similar situation. State schools were in desperate need of capital improvements to upgrade and maintain many programs, yet the money in the Educational Building Fund was scarce. Hence, students were made to pay a "building fee" for capital improvements on many campuses. Although the fee then did not have a serious impact on students, today any increase does. As tuition will soon meet the 25 percent fee/cost ratio and student fees continue to increase, a "building fee" would have the potential impact of limiting access to our schools. That certainly does not seem to be a viable alternative.

Mr. Chariman, members of the committee, this legislation, at this time, does not fit as a consistent part of a comprehensive program to help improve the quality of post-secondary education in Kansas. I would hope that you would carefully review this legislation and find, as we have, that there are alternative ways of financing and creating the same money with ~~out placing an unjust burden on the Regents' schools.~~

I thank you for your time and I would be happy to answer any questions you may have.